



Faculty of Cognitive Sciences and Human Development

**THE EFFECT OF LEADERSHIP STYLES ON EMPLOYEES' JOB
COMMITMENT IN AN ORGANIZATION**

Choo Chiew Erh

**Bachelor of Science (Honours)
(Human Resource Development)**

2020

UNIVERSITI MALAYSIA SARAWAK

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Final Year Project Report

Masters

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**THE EFFECT OF LEADERSHIP STYLES ON EMPLOYEES' JOB COMMITMENT IN
AN ORGANIZATION**

CHOO CHIEW ERH

This project is submitted
in partial fulfilment of the requirements for a
Bachelor of Science with Honours
(Human Resource Development)

Faculty of Cognitive Sciences and Human Development
UNIVERSITI MALAYSIA SARAWAK
(2020)

The project entitled ‘The Effect of Leadership Styles on Employees’ Job Commitment in An Organization’ was prepared by Choo Chiew Erh and submitted to the Faculty of Cognitive Sciences and Human Development in partial fulfillment of the requirements for a Bachelor of Science with Honours (Human Resource Development).

Received for examination by:



Sheilla Lim Omar Lim

Date:

07.08.2020

Gred

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ACKNOWLEDGEMENTS

First and foremost, I would like to thank my supervisor, Puan Sheilla Lim binti Omar Lim from Human Resource Development Department, Faculty of Cognitive Sciences and Human Development, Universiti Malaysia Sarawak, who encouraged and directed me along the research conducted. Besides, her encouragement and professional guidance are beneficial to me throughout the journey of completing this research.

Other than that, I would like to thank my respondents for their worthy support and cooperation in answering the questionnaires of this study. Their valuable contribution is much appreciated. Moreover, I also take this opportunity to express a deep sense of gratitude to all my friends and course mates who were willing to share their knowledge and giving support to me along the process of conducting this research.

Last but not least, a great thanks to my family for their continuous and unparalleled love, help and support. They always encouraged me to explore new directions in life and seek my own destiny. Without them, my research would not have been successful and I dedicate this milestone to them.

ABSTRACT

This study examines the relationship between (1) transformational leadership style, (2) transactional leadership style, and (3) laissez-faire leadership style and employees' job commitment in an organization. The study sample consisted of 85 employees employed in an organization in Pulau Pinang. The results showed that there was a strong, positive correlation between transformational leadership style and employees' job commitment, whereas transactional leadership style showed that there was a small, positive relationship with employees' job commitment. Besides that, laissez-faire leadership style had an insignificant relationship with employees' job commitment in the study context. Researcher concluded by suggesting some directions for such research.

Keywords: transformational leadership style, transactional leadership style, laissez-faire leadership style, employees' job commitment

ABSTRAK

Kajian ini mengkaji hubungan antara (1) gaya kepemimpinan transformasional, (2) gaya kepemimpinan transaksional, dan (3) gaya kepemimpinan laissez-faire dan komitmen pekerja dalam sebuah organisasi. Sampel kajian terdiri daripada 85 pekerja yang bekerja di sebuah organisasi di Pulau Pinang. Hasil kajian menunjukkan bahawa terdapat korelasi positif yang kuat antara gaya kepemimpinan transformasional dan komitmen pekerja, sedangkan gaya kepemimpinan transaksional menunjukkan bahawa terdapat hubungan positif dan kecil dengan komitmen pekerja. Selain itu, gaya kepemimpinan laissez-faire mempunyai hubungan yang tidak signifikan dengan komitmen pekerja dalam konteks kajian. Penyelidik membuat kesimpulan dengan mencadangkan beberapa arah untuk penyelidikan tersebut.

Kata kunci: *gaya kepemimpinan transformasional, gaya kepemimpinan transaksional, gaya kepemimpinan laissez-faire, komitmen pekerja*

TABLE OF CONTENTS

ACKNOWLEDGEMENTS	i
ABSTRACT.....	ii
ABSTRAK.....	iii
TABLE OF CONTENTS.....	iv
LIST OF TABLES	viii
LIST OF FIGURES	ix
CHAPTER 1	1
INTRODUCTION	1
1.0 Background of Study.....	1
1.1 Problem Statement	3
1.2 Research Objectives	5
1.2.1 General Objective	5
1.2.2 Specific Objectives	5
1.3 Research Hypothesis	5
1.4 Conceptual Framework	6
1.5 Significance of Study	7
1.6 Limitation of Study	8
1.7 Definition of Terms	9
1.8 Summary	11
CHAPTER 2	12
LITERATURE REVIEW	12
2.0 Introduction	12
2.1 Pertinent Issues Related to the Study	12
2.1.1 Concept of Leadership Style.....	12

2.1.2 Transformational Leadership Style	14
2.1.3 Transactional Leadership Style	16
2.1.4 Laissez-faire Leadership Style.....	17
2.1.5 Job Commitment.....	18
2.2. Past Similar Finding	20
2.2.1 Relationship Between Transformational Leadership Style and Job Commitment.....	20
2.2.2 Relationship Between Transactional Leadership Style and Job Commitment.....	21
2.2.3 Relationship Between Laissez-faire Leadership Style and Job commitment.....	22
2.3 Theories/ Model	23
2.3.1 Transformational Theory	23
2.3.2 Transactional Leadership Theory	24
2.3.3 Model of Employee Commitment	25
2.4 Summary	26
CHAPTER 3	27
METHODOLOGY	27
3.0 Introduction	27
3.1 Research Design.....	27
3.2 Population, Sample and Sampling Technique.....	28
3.3 Research Instrument.....	30
3.4 Pilot Study	32
3.5 Validity and Reliability	33
3.6 Ethics of Study	34
3.7 Data and Collection Procedure.....	34
3.8 Data Analysis Procedure	35
3.8.1 Descriptive Statistics	35

3.8.2 Inferential Statistics	36
3.9 Summary	37
CHAPTER 4	38
FINDINGS	38
4.0 Introduction	38
4.1 Demographic Profile of Respondents	39
4.1.1 Gender	39
4.1.2 Age.....	40
4.1.3 Ethnicity.....	41
4.1.4 Highest Academic Qualification	42
4.1.5 Working Experience	43
4.1.6 Length of Service Working in Current Organization	45
4.1.7 Summary of Respondents' Demographic Profile	47
4.2 Kolmogorov-Smirnov Normality Test	49
4.3 Actual Data Reliability Analysis.....	51
4.4 Hypothesis Testing- Spearman Correlation Analysis	52
4.4.1 Relationship between Transformational Leadership Style and Job Commitment	52
4.4.2 Relationship between Transactional Leadership Style and Job Commitment	53
4.4.3 Relationship between Laissez-faire Leadership Style and Job Commitment.....	54
4.5 Discussions.....	55
4.6 Summary	58
CHAPTER 5	60
CONCLUSION.....	60
5.0 Introduction	60
5.1 Research Summary.....	60

5.2 Implications	61
5.3 Recommendations	62
5.4 Conclusion.....	63
REFERENCES	64
APPENDIX	76

LIST OF TABLES

Table 1	Conceptual and Operational Definitions of Terms.....	9
Table 2	Description of the Questionnaire.....	31
Table 3	5-point Likert Scale.....	32
Table 4	Reliability Test for Pilot Study.....	33
Table 5	Strength of Spearman Correlation Coefficients.....	36
Table 6	Hypothesis Testing.....	37
Table 7	Gender of Respondents.....	39
Table 8	Age of Respondents.....	40
Table 9	Ethnicity of Respondents.....	41
Table 10	Highest Academic Qualification of Respondents.....	42
Table 11	Working Experience of Respondents.....	43
Table 12	Length of Service Working in Current Organization of Respondents.....	45
Table 13	Summary of Respondent's Demographic Profile.....	47
Table 14	Kolmogorov-Smirnov Normality Test.....	50
Table 15	Actual Data Reliability Analysis	51
Table 16	Correlation between Transformational Leadership Style and Job Commitment.....	52
Table 17	Correlation between Transactional Leadership Style and Job Commitment.....	53
Table 18	Correlation between Laissez-faire Leadership Styles and Job Commitment	54
Table 19	Summary of Hypotheses Testing Results.....	59

LIST OF FIGURES

Figure 1	Conceptual Framework.....	6
Figure 2	Gender of Respondents.....	39
Figure 3	Age of Respondents.....	40
Figure 4	Ethnicity of Respondents.....	41
Figure 5	Highest Qualification of Respondents.....	42
Figure 6	Working Experience of Respondents.....	44
Figure 7	Length of Service Working in Current Organization of Respondents.....	45

CHAPTER 1

INTRODUCTION

1.0 Background of Study

Leadership style became the most common element that impact the behaviors and attitudes of employees including organizational commitment. Referring to Alkahtani (2015), when leaders lead subordinates in organization, they have adopted different styles in order to accomplish similar goal and lead the organization towards success. Besides that, leadership styles have become significant issues in the area of management and a lot of investigators examined leadership styles as a substantial variable on how it influences the employees in an organization function (Wu, 2009). Without a powerful leadership approach, it is hard for employers keep the productivity, profitability and competitive benefits in organizations (Yahaya & Ebrahim, 2016).

Nowadays, the effectiveness of an organization strengthened if the organization's vision, mission and goals are committed to employees. Organizations face new challenges in development of organizational commitment. Research conducted by Schein (2004), mentioned that an organization's success depends on job commitment. Therefore, the concept of job commitment is crucial for understanding. Panayiotis, Pepper, & Philips (2011), stated that job commitment is very vital as it leads to organizational performance, absenteeism, turnover, positive citizenship behaviors and intention which may ultimately affect the growth and success of organization. Hence, through various research by researchers, organizational commitment has significant connotations for employees and employers in organizations.

For an organization, it is critical to figure out which aspects play a major character or significantly impact on improving employees' job commitment. Referring to Swanepoel, Erasmus, Van Wyk, & Scheck (2000), they argued that employee commitment can be promoted by leadership style and it is critical for organizations to execute, gain competitive benefit, business strategy, achieve their goals and optimize human capital successfully. In addition, organizational effectiveness, job satisfaction, organizational culture as well as job commitment have a relationship between leadership models. Previous research in South Africa conducted by Garg & Ramjee (2013), proved that transformational and transactional leadership styles have impact on job commitment positively.

Hence, this study concluded that the critical factor to develop an organization's commitment among employees is leadership. It is important for a company to have subordinates who are dedicated to the organization's goals, motivated and committed in order to enhance its origin competencies and obtain competitive benefits which can assurance that the companies succeed.

1.1 Problem Statement

In spite of the fact that the theory of leadership has been utilized since the early of the 19th and 20th century, however most of leadership literature fails to make clear distinctions in certain definitions some ways, confusing the definition of effective leadership in recent year (Bučiūnienė & Škudienė, 2008). Besides, the knowledge of leadership lacks coherence and agreement to all HRD practitioners and organization (Jing & Avery, 2008). From the study of Day (2012), a number of studies about leadership proved that there are still not clear and inconsistent results were emerged and there has no agreement upon a method to measure the nature and repercussion of successful leadership.

Other than that, most of the research concentrate on constructive leadership methods such as transformational leadership style, authentic leadership and ethical leadership even though destructive leadership styles are more common use in work life (Krasikova, Green, & LeBreton, 2013). Although consequence for subordinates and organizations appear to be devastating, the existing empirical research on behavior of destructive leadership is limited (Skogstad, Einarsen, Torsheim, Aasland, & Hetland, 2007). Laissez-faire leadership is rarely addressed in research unless it is considered a non-leader (Tosunoglu, 2016). There are a few studies have investigated the impact of transformational leadership style and transactional leadership style on job commitment (Ali Shurbagi, 2014; Bushra, Usman, & Naveed, 2011; Nguni, Slegers, & Denessen, 2006; Riaz, Akram, & Ijaz, 2011; Tipu, Ryan, & Fantasy, 2012) but not many studies were found laissez-faire leadership style directly impact on employee's job commitment in an organization. Therefore, this research will use laissez-faire leadership style with

another two variables to test with employees' job commitment.

According to Mahdi, Mohd, & Almsafir (2014), it is typical criticism in Malaysia that workers are no longer stay faithfully in an organization like previous time because of low commitment in the organization and employees likely to leave the company because of higher salary. A study from Abbas & Asghar (2010), stated that an organization's success depends on how the organization makes use of its competencies and human capitals but also on how it inspires commitment to the organization. Therefore, the major problems that face by Malaysian company is stimulate a sense of commitment among the employee as well as implant commitment and loyalty to employees. The target of this study is to identify whether leadership styles have influence on job commitment of employees in an organization that located in Malaysia.

1.2 Research Objectives

1.2.1 General Objective

The general objective of this study is to identify the effect of leadership styles on employees' job commitment in an organization.

1.2.2 Specific Objectives

1. To identify the effect of transformational leadership style on employees' job commitment in an organization.
2. To identify the effect of transactional leadership style on employees' job commitment in an organization.
3. To identify the effect of laissez-faire leadership style on employees' job commitment in an organization.

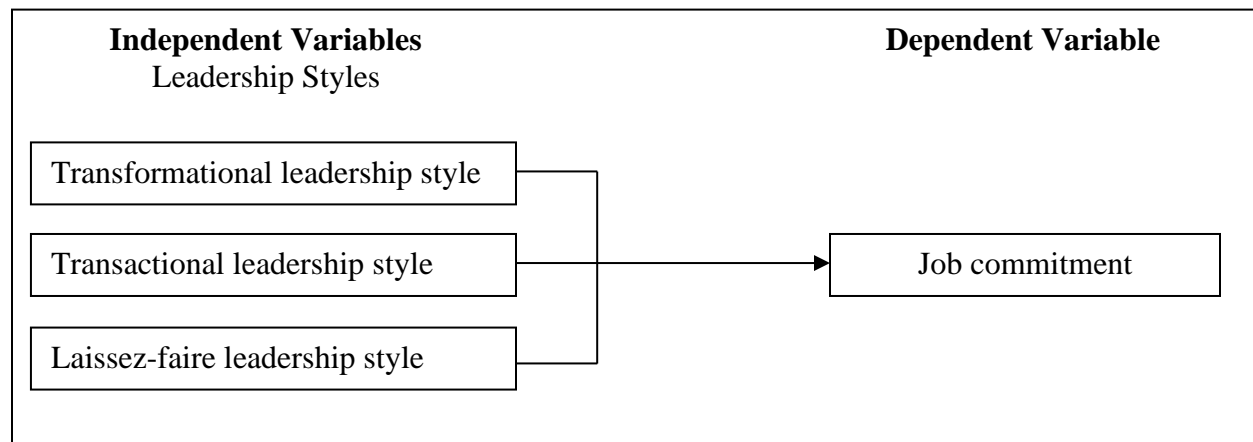
1.3 Research Hypothesis

H_{a1}: There is a significant relationship between transformational leadership style and employees' job commitment in an organization.

H_{a2}: There is a significant relationship between transactional leadership style and employees' job commitment in an organization.

H_{a3}: There is a significant relationship between laissez-faire leadership style and employees' job commitment in an organization.

1.4 Conceptual Framework



Sources: Njoroge, D., Gachunga, H., & Kihoro, J, 2015; Aghashahi, B., Davarpanah, A., Omar, R., & Sarli, M, 2013; and Silva, D., & Mendis, B, 2017.

Figure 1. Conceptual Framework

This aim of this study is to identify the effect of leadership styles on employees' job commitment in an organization. Figure 1 showed the independent variables and dependent variables in this study. There are three independent variables shown in the figure which are transformational leadership style, transactional leadership style and laissez-faire leadership style. Besides that, dependent variable of this research is job commitment in an organization.

1.5 Significance of Study

This study was carried out to investigate the relationship that exists between leadership styles and job commitment of employees in an organization. It also contributes to the knowledge of how a leader's leadership style affects employees' organization commitment in an organization. Apart from this, the result of this research will be used in the future as guidance for any organization to strengthen their organizational commitment based on the selected leadership style.

Other than that, this study also helps researchers in the future as it benefits them to explore relevant information regarding with the preferable leadership style towards the organization which will lead to improvement of the overall job commitment. Not only enables researchers to seek related data, it also significant for researchers as it can also be used as a guidance for the future studies particularly in quantitative method for research.

In addition, this research is also vital for HRD practitioner especially for top management in an organization. This research will help the HRD practitioner classify how their leaders' style of leadership. Moreover, it also determines how a leader can create and apply a productive leadership styles to lead their employees as well as to enhance job commitment on employees in an organization.

1.6 Limitation of Study

There are number of limitations in this research. The first limitation of this project is only concentrate on three types of leadership styles which are transformational leadership style, transactional leadership style and laissez leadership style as factors that influence worker's commitment in an organization.

Other than that, this sample of study is limited to employees in one organization and it is done only within the area of Pulau Pinang. Employees from other organizations do not have the chances to participate in this research. Hence, the findings of this research are not considered a representative for the entire population. It also could not be used to generalize other organization in Malaysia. Besides, the selection of respondents was based on their status as an employee to answer the questionnaire. Therefore, it will affect the overall findings of this research if the respondents fail to cooperate in answering related questions.

In the perspective of the methodology that is being used in this study is quantitative method by distributing a set of questionnaires. Thus, the results of this study may not be accurate and the chances of having an invalid or error in the data is quite high. So, this research could not be more solid and advance with a good data as observation and interview were not being conducted.

1.7 Definition of Terms

The definitions of related components are explained in both conceptual and operational forms as shown in the following Table 1.

Table 1

Conceptual and Operational Definitions of Terms

Term	Conceptual Definition	Operational Definition
Leadership style	Ghafoor, Qureshi, Khan, & Hijazi (2011), asserted that leadership style is a method that assist followers to accomplish their objectives as they operate in the organizational setting, it stimulate subordinates to be adaptive, open and creative to new and developed practices and changes in the surroundings.	Leadership style is a leader's manner to influence other group members or subordinates toward the achievement of goals by leading individuals contribute to the efficiency and success of their organization.

Transformational leadership style	Schepers, Wetzels, & De (2005), defined that transformational leader enable to lead employees to think artistically, figure out problems from multiple perspectives and investigate new and better clarification through the application of technology.	Transformational leaders use their charisma to transform and revitalize their workforce without micromanaging. Besides, transformational leaders stimulate subordinates to transcend their own self-interest for bringing benefit to the company. They can also have a profound and extraordinary effect to followers.
Transactional leadership style	According to Bass (1985), defined to an interchange between leaders and his or her subordinates where leader set specific objectives, monitors the progress as well as identified expected reward when goals are accomplished.	Leaders help companies accomplish their goals based on job performance to value incentives and make sure that subordinates have resources needed to complete the job. They lead the subordinates in the guidance of established objective by interpret character and tasks requirement.